COMPANY RESULTS

AMMB Holdings (AMM MK)

1QFY26: Solid Top-line Growth

1QFY26 results are in line, supported by NIM expansion, robust trading income and positive operating JAWS. Despite a challenging quarter, AMMB delivered an impressive 10% pre-provision operating profit growth. We maintain BUY with a target price of RM6.08 (0.94x FY26F P/B, 9.4% ROE). Valuations remain compelling, further enhanced by an attractive 6.2% dividend yield.

RESULTS

- **In line.** AMMB Holdings (AMMB) reported 1QFY26 earnings of RM516.7m (+3.2% yoy, flat qoq). 1QFY26 earnings are in line, accounting for 25% of both our and consensus full-year estimates.
- **Yoy trend.** 1QFY26 earnings growth was underpinned by positive operating JAWS (+2ppt), a 12bp yoy NIM expansion from liability optimisation (lower funding cost), and robust trading gains (+45% yoy), which offset weaker fee income amid softer wealth management activity. This lifted non-interest income by 8% yoy. Together with a commendable 7% net interest income growth and positive operating JAWS, the group generated an impressive 10.4% yoy increase in pre-provision operating profit. However, overall earnings growth was tempered by a normalisation in net credit cost to 25bp (from 11bp in 1QFY25), due to the absence of lumpy management overlays.
- **Qoq trend.** 1QFY26 earnings were flat qoq as a 5bp NIM uptick and stronger trading income were offset by weaker fee income, notably in wealth and investment banking, and higher net credit cost. The rise in credit cost reflected additional specific provisions for the retail SME portfolio and a top-up in pre-emptive provisions.
- **Robust non-interest income momentum to sustain.** 1QFY26 non-interest income rose 8% yoy, driven by a robust 45% yoy increase in trading income, which more than offset weaker fee income (-11% yoy) following sharp declines in wealth (-30% yoy) and investment banking (-20% yoy) fees. Looking ahead, there remains significant scope to realise further trading gains, underpinned by sizeable FVOCI reserves of RM719m (4QFY25: RM643m), of which only RM60m was realised in 1QFY26. For fee income, management expects a recovery in subsequent quarters, led by improving wealth management and investment banking contributions as risk sentiment improves post-Liberation Day.

KEY FINANCIALS

Year to 31 Mar (RMm)	2024	2025	2026F	2027F	2028F
Net interest income	2,137	2,358	2,396	2,525	2,696
Non-interest income	1,103	1,112	1,172	1,221	1,272
Net profit (rep./act.)	1,868	2,001	2,031	2,160	2,323
Net profit (adj.)	1,468	2,001	2,031	2,160	2,323
EPS (sen)	56.4	60.4	61.3	65.1	70.0
PE (x)	12.3	9.0	8.9	8.4	7.8
P/B (x)	0.9	0.9	0.8	0.8	0.8
Dividend yield (%)	4.1	5.5	6.2	6.6	7.1
Net int margin (%)	1.83	1.97	1.94	1.92	1.90
Cost/income (%)	45.0	45.6	44.9	44.8	44.1
Loan loss cover (%)	90.7	82.2	79.3	76.7	77.6
Consensus net profit		-	2,043	2,131	2,301
UOBKH/Consensus (x)	-	-	0.99	1.01	1.01

Source: AMMB Holdings, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM5.45
Target Price	RM6.08
Upside	+11.6%

COMPANY DESCRIPTION

Malaysia's sixth largest domestic bank by assets with the second largest market share in auto financing.

STOCK DATA

GICS sector	Financials
Bloomberg ticker:	AMM MK
Shares issued (m):	3,304.1
Market cap (RMm):	18,060.1
Market cap (US$m):	4,289.8
3-mth avg daily t'over (US$m):	7.7

Price Performance (%)

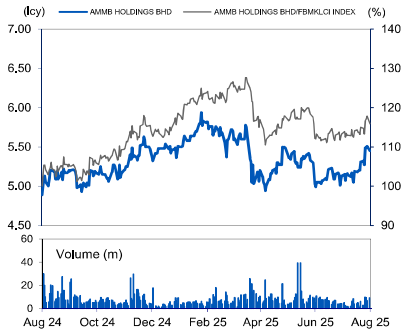
52-week high/low RM5.94/RM4.67

1mth	3mth	6mth	1yr	YTD
6.3	(4.7)	(6.3)	11.5	(0.6)

Major Shareholders	%
Employees Provident Fund Board	12.9
Clear Goal Snd Bhd	11.8
Amanah Saham	8.4

FY26 NAV/Share (RM)	6.21
FY26 CAR Tier-1 (%)	12.60

PRICE CHART



Source: Bloomberg

ANALYST(S)

Keith Wee Teck Keong
+603 2147 1981
keithwee@uobkayhian.com

STOCK IMPACT

- **NIM improved with potential upside surprise.** 1QFY26 NIM rose 12bp yoy and 5bp qoq, supported by continued deposit optimisation. Management guides for a 4–5bp sequential compression in 2QFY26 following the 25bp OPR cut, but expects NIM to gradually recover as deposits reprice. For FY26, management still targets a 2bp expansion despite the rate cut, a positive takeaway vs our more conservative forecast of a 2bp compression. This reflects ongoing deposit optimisation, disciplined retail lending to preserve yields, and opportunities to refinance debt securities at lower yields as part of its broader funding cost strategy.
- **Asset quality showing some stress from retail SME.** The group's GIL ratio rose to 1.71% in 1QFY26 (4QFY25: 1.54%), mainly from business banking, where GIL increased to 2.01% (4QFY25: 1.74%), driven by retail SME loans (4% of total loans). We are not overly concerned as ~70% of this portfolio is guaranteed under the credit guarantee corporation of Malaysia (CGC) scheme, limiting provisioning needs. Management also noted seasonal upticks in retail GIL, largely reversing from July, while commercial and wholesale banking asset quality remains healthy.
- **Credit cost guidance intact.** Despite some asset quality stress in the SME portfolio, management has maintained its net credit cost guidance of 15–20bp, though it is likely to trend towards the upper end (UOBKH forecast: 18bp). Credit cost stability is expected to be supported by lumpy wholesale banking recoveries in 2HFY26, partly offset by additional provision top-ups for SMEs. Management overlays stood at a healthy RM435m (4QFY25: RM439m).
- **Loan growth.** Gross loans rose 5% yoy to RM138.1b, led by strong gains in business banking (+6%) and wholesale banking (+16.5%), offset by a 1% decline in retail banking, a strategic step to improve lending yields.
- **Capital strengthens supportive of dividend uptrend.** CET1 strengthened to 15.3% (4QFY25: 14.8%), providing an ample buffer that can support the group's long-term plan to raise its dividend payout ratio to 60%. With a healthy capital position and moderate loan growth of 5–6%, we forecast a gradual increase in FY26 payout to 55% (FY25: 50%), implying an attractive yield of 6.2%.

EARNINGS REVISION/RISK

- No changes to our earnings forecasts.

VALUATION/RECOMMENDATION

- **Maintain BUY with an unchanged target price of RM6.08 (0.94x FY26F P/B, 9.4% ROE).** Valuations remain attractive, trading at 0.5SD below the historical mean (0.84x P/B), while ROE of 9.4% is around 10% above the 10-year average of 8.5%. A compelling 6.2% dividend yield further strengthens the investment case.

KEY ASSUMPTIONS

(%)	2026F	2027F	2028F
Gross Loan Growth	5.7	6.0	6.2
Credit Cost (bp)	18.0	17.0	17.0
ROE	9.4	9.6	9.9

Source: UOB Kay Hian

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) UPDATES

- **Environmental**
  - **Green loan commitment.** The bank's credit policy prohibits lending to illegal business activities that cause environmental harm.
  - **Reducing carbon footprint.** Installed eco-friendly materials in all its office renovations and digitalisation initiatives helped reduce the use of paper in offices.
- **Social**
  - **Gender diversity.** In pursuit of diverse and equal gender participation, 61% of the workforce are women, of which 79% hold management positions (senior executives and above) while 18% are part of senior management (senior vice president and above).
  - **Staff welfare.** Conducts an annual employee engagement survey, the Voice of Employee ("VOE"), to gather constructive feedback from employees at all levels of the organisation. The feedback helps to design specific employee engagement initiatives to meet their needs.
- **Governance**
  - **Non-independent board of directors composition.** Composition of Independent Non-Executive Directors (INED) – 40 %.

Source: AMMB, UOB Kay Hian

1QFY26 RESULTS

Profit & Loss (RMm)	1QFY26	1QFY25	yoy % chg	4QFY25	qoq % chg
Net Interest Income	609.5	571.4	6.7	584.2	4.3
Islamic Banking	357.8	303.8	17.8	360.4	(0.7)
Fees & Commissions	152.0	171.7	(11.5)	161.3	(5.8)
Net Trading Income	133.7	91.9	45.4	128.4	4.1
Other Operating Income	7.1	7.3	(3.3)	8.1	(13.0)
Total Income	1,260.1	1,146.2	9.9	1,242.5	1.4
Operating Expenses	(563.9)	(520.6)	8.3	(576.4)	(2.2)
PPOP	696.2	625.6	11.3	666.1	4.5
Provision	(72.4)	(12.3)	491.3	(48.8)	48.4
PBT	654.4	645.7	1.4	656.2	(0.3)
Net Profit	516.2	500.1	3.2	513.9	0.4
EPS (sen)	15.6	15.1	3.2	15.5	0.4
DPS (sen)	0.0	0.0	n.a.	19.9	n.a.
BVPS (RM)	6.23	6.05	3.0	6.24	(0.2)
Financial Ratios	**1QFY26 (%)**	**1QFY25 (%)**	**yoy chg (ppt)**	**4QFY25 (%)**	**qoq chg (ppt)**
NIM	2.01	1.88	0.12	1.96	0.05
Loan Growth	(0.5)	(1.1)	0.6	1.3	(1.8)
Deposit Growth	(2.5)	(4.8)	2.3	2.3	(4.8)
Loan/Deposit Ratio	98.8	96.4	2.4	96.9	1.9
Cost/Income Ratio	44.8	45.4	(0.7)	46.4	(1.6)
ROE	10.2	10.5	(0.4)	10.1	0.1
Gross Impaired Loans Ratio	1.7	1.7	0.0	1.5	0.2
Credit Costs (bp)	25.2	11.0	14.2	18.2	7.0
CET-1 CAR	15.3	13.3	2.0	14.8	0.5

Source: AMMB, UOB Kay Hian

PROFIT & LOSS

Year to 31 Mar (RMm)	2025	2026F	2027F	2028F
Interest income	6,149	5,142	5,383	5,710
Interest expense	(3,791)	(2,746)	(2,858)	(3,014)
Net interest income	2,358	2,396	2,525	2,696
Fees & commissions	660	693	728	765
Other income	30	31	32	33
Net trading income	422	448	461	475
Income from islamic banking	1,351	1,418	1,489	1,564
Total income	**4,821**	**4,986**	**5,235**	**5,531**
Staff costs	(1,457)	(1,487)	(1,576)	(1,655)
Other operating expense	(740)	(754)	(768)	(782)
Pre-provision profit	2,623	2,745	2,891	3,095
Loan loss provision	(236)	(265)	(265)	(283)
Other provisions	92	0	0	0
Associated companies	108	124	143	164
Other non-operating income	0	0	0	0
Pre-tax profit	2,587	2,604	2,769	2,976
Tax	(586)	(573)	(609)	(655)
Minorities	(0)	0	1	2
Net profit	**2,001**	**2,031**	**2,160**	**2,323**
Net profit (adj.)	2,001	2,031	2,160	2,323

BALANCE SHEET

Year to 31 Mar (RMm)	2025	2026F	2027F	2028F
Cash with central bank	2,774	2,944	3,121	3,324
Govt treasury bills & securities	1,771	1,806	1,843	1,879
Interbank loans	0	0	0	0
Customer loans	137,130	145,505	154,304	164,369
Investment securities	43,537	47,579	51,987	56,795
Derivative receivables	652	730	818	916
Associates & JVs	1,479	1,479	1,479	1,479
Fixed assets (incl. prop.)	268	308	355	408
Other assets	11,432	11,811	12,244	12,749
Total assets	**199,044**	**212,163**	**226,151**	**241,920**
Interbank deposits	7,579	8,034	8,516	9,027
Customer deposits	141,560	150,053	159,056	168,600
Derivative payables	608	608	608	608
Debt equivalents	4,395	4,395	4,395	4,395
Other liabilities	24,280	27,537	31,067	35,737
Total liabilities	**178,422**	**190,627**	**203,643**	**218,367**
Shareholders' funds	20,621	21,535	22,507	23,553
Minority interest - accumulated	1	1	1	0
Total equity & liabilities	**199,044**	**212,163**	**226,151**	**241,920**

OPERATING RATIOS

Year to 31 Mar (%)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	14.8	14.6	14.6	6.4
Total CAR	17.5	18.5	18.2	7.8
Total assets/equity (x)	9.7	9.9	10.0	10.3
Tangible assets/tangible common equity (x)	9.8	10.0	10.2	10.5
Asset Quality				
NPL ratio	1.5	1.5	1.5	1.4
Loan loss coverage	82.2	79.3	76.7	77.6
Loan loss reserve/gross loans	1.3	1.2	1.1	1.1
Increase in NPLs	(4.6)	1.3	5.3	3.3
Credit cost (bp)	17.0	18.0	17.0	17.0
Liquidity				
Loan/deposit ratio	96.9	97.0	97.0	97.5
Liquid assets/short-term liabilities	3.0	3.0	3.0	2.9
Liquid assets/total assets	2.3	2.2	2.2	2.2

KEY METRICS

Year to 31 Mar (%)	2025	2026F	2027F	2028F
Growth				
Net interest income, yoy chg	10.4	1.6	5.4	6.8
Fees & commissions, yoy chg	1.1	5.0	5.0	5.0
Pre-provision profit, yoy chg	4.8	4.6	5.3	7.0
Net profit, yoy chg	7.1	1.5	6.4	7.5
Net profit (adj.), yoy chg	36.3	1.5	6.4	7.5
Customer loans, yoy chg	3.8	6.1	6.0	6.5
Customer deposits, yoy chg	(0.6)	6.0	6.0	6.0
Profitability				
Net interest margin	1.97	1.94	1.92	1.90
Cost/income ratio	45.6	44.9	44.8	44.1
Adjusted ROA	1.0	1.0	1.0	1.0
Reported ROE	9.7	9.4	9.6	9.9
Adjusted ROE	9.7	9.4	9.6	9.9
Valuation				
P/BV (x)	0.9	0.8	0.8	0.8
P/NTA (x)	0.9	0.9	0.8	0.8
Adjusted P/E (x)	9.0	8.9	8.4	7.8
Dividend Yield	5.5	6.2	6.6	7.1
Payout ratio	50.0	55.1	55.1	55.1

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore.Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.

http://research.uobkayhian.com

RCB Regn. No. 197000447W